

Irish Economy Watch

AIB Treasury Economic Research Unit



16 June 2015

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	
MANUFACTURING									
Industrial Production (Ex-Modern)	119.5	117.2	118.3	120.0	123.0	120.8	126.5	#N/A	Industrial production (ex-modern sector) picks up further in April - YoY growth rises to 11.8%
Production (Ex-Modern) : 3mma YoY%	11.3	10.2	9.9	8.5	8.7	10.3	11.8	#N/A	
3mth / 3mth % seas. adj.	-4.3	-6.6	-0.3	-1.1	1.6	2.5	4.2	#N/A	
Investec Manufacturing PMI	56.6	56.2	56.9	55.1	57.5	56.8	55.8	57.1	Mfg PMI averages 56.5 in April/May, in line with Q1 avg, suggests sector maintaining momentum
OECD Leading Indicator	100.5	100.6	100.8	101.1	101.4	101.7	102.1	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	113.0	111.9	115.5	122.0	116.6	118.5	117.8	#N/A	Volatile services index falls at the start of Q2 after very strong growth of 4.8% in Q1
- YoY %	7.8	6.0	4.9	11.4	7.8	8.7	3.7	#N/A	
- 3mth / 3mth % seas. adj.	1.3	0.5	0.6	3.3	4.7	4.9	1.0	#N/A	
Investec Services PMI	61.5	61.6	62.6	62.5	61.4	60.9	60.6	61.4	Services PMI picks up in May after four consecutive falls. Avg for April/May (61) indicates that sector broadly maintaining its strong pace of growth in Q2
SIMI Car Registrations	2,039	782	350	29,806	15,776	18,948	9,465	6,923	
- 12 mth cum total	96,128	96,206	96,344	103,256	106,321	110,972	112,614	113,241	Car sales for 2015 remain very robust—up nearly 30% YTD
- 3 mma YoY %	26.6	21.2	21.7	30.0	28.2	29.3	26.9	24.4	
Retail Sales Index	99.5	100.5	101.3	104.6	104.6	106.8	107.3	#N/A	Core retail sales index jumps in April to its highest level since July 2008—underlying data show that growth is broad based
- YoY %	5.2	5.2	5.6	8.2	9.4	10.0	11.9	#N/A	
- 3mth / 3mth % seas. adj.	1.6	1.0	-0.2	2.5	3.6	4.9	4.0	#N/A	
Ex Autos Index	105.1	105.5	107.6	107.4	108.1	107.4	110.7	#N/A	
- YoY %	4.5	3.9	4.8	4.7	5.3	5.2	7.8	#N/A	
- 3mth / 3mth % seas. adj.	0.8	0.9	1.9	2.3	2.7	1.5	1.8	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	64.9	63.5	63.1	57.1	52.0	52.9	57.2	63.3	Construction PMI rebounding strongly following falls in Feb/March
- Commercial Activity	66.4	62.9	61.4	54.4	50.1	50.9	55.8	62.7	
- New Orders	66.8	65.0	63.3	61.7	54.6	54.8	59.3	64.2	
- Business Expectations	67.8	66.0	61.8	55.1	52.0	54.8	59.3	60.4	
	79.5	85.3	80.0	81.4	74.3	81.9	78.1	80.4	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	2,205	2,368	2,574	2,683	2,724	2,874	3,049	#N/A	Housing registrations continue to improve, but remain low overall—12mth cum total at best level since December 2009
- 3 Month Avg YoY %	99.7	128.0	217.4	136.2	78.8	61.3	64.3	#N/A	
Commencements: 12mth Total	8,067	7,959	7,717	#N/A	#N/A	#N/A	#N/A	#N/A	
- 3 Month Avg YoY %	4.4	2.0	-16.8	#N/A	#N/A	#N/A	#N/A	#N/A	Commencements remain soft—data distorted by Feb'14 surge ahead of revised guidelines
Completions: Month	1,007	1,031	1,189	693	836	1,100	#N/A	#N/A	
- 12 Mth Total	10,590	10,703	11,016	11,033	11,258	11,555	#N/A	#N/A	Housing completions pick up after seasonal weakness at the start of the year—12mth cumulative total rises further
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,619	2,712	2,360	1,817	2,093	2,228	2,070	#N/A	YoY growth in mortgage approvals and transactions slows in 3 months to April—may reflect new Central Bank criteria on mortgage lending
- 3 Month Avg YoY %	44.6	52.1	56.4	55.3	49.2	40.6	28.8	#N/A	
- 12 Mth Total	23,601	24,597	25,500	26,055	26,664	27,271	27,483	#N/A	
RPPR Transactions : Month	4,686	3,685	7,189	3,315	3,583	3,533	3,366	#N/A	CSO house prices pick up again in April after declining at the start of the year. YoY growth rate remains very strong at 15.8%
- 3 Month Avg YoY %	44.4	41.1	45.2	47.1	56.4	53.7	39.2	#N/A	
- 12 Mth Total	39,640	40,406	42,790	44,186	45,486	46,433	47,137	#N/A	
HOUSING MARKET PRICES									
CSO (Mortgaged Transactions) - MoM	2.9	0.5	0.4	-1.4	-0.4	0.9	0.6	#N/A	Private rents continue to show solid pace of growth in May—rents now just 3% off pre-recessionary peak
- YoY %	16.3	16.2	16.3	15.5	14.9	16.8	15.8	#N/A	
Daft Asking Prices: MoM %	-2.2	-0.5	0.8	0.6	4.6	1.3	#N/A	#N/A	
- YoY %	12.3	12.3	13.7	11.1	17.0	13.3	#N/A	#N/A	Affordability remains quite stable and at accommodative levels
RENTS: CSO Private Rents - MoM%	0.5	0.6	0.7	1.4	0.9	0.6	0.6	0.6	
- YoY %	8.9	8.4	8.0	8.8	8.5	8.3	8.7	8.9	
AFFORDABILITY: Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income									
	17.6	17.1	17.1	16.7	16.6	16.8	16.9	#N/A	

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
CONSUMER PRICES YoY %	0.2	0.1	-0.3	-0.6	-0.5	-0.6	-0.7	-0.3
- MoM %	-0.3	-0.3	-0.4	-0.8	0.6	0.6	0.0	0.4
HICP - YoY %	0.4	0.2	-0.3	-0.4	-0.4	-0.3	-0.4	0.2
- MoM %	-0.3	-0.3	-0.4	-0.7	0.7	0.6	-0.1	0.6

Rising fuel costs sees HICP inflation rise back into positive territory (+0.2%) in May

But, falling mortgage interest (not included in HICP) keeps CPI inflation in negative territory (-0.3%) for a 6th month

PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	85.5	85.3	90.5	101.1	96.1	97.8	98.7	98.5
Credit Growth YoY %								
- Private Sector (Underlying)	-7.8	-7.0	-10.6	-10.8	-11.1	-11.1	-10.6	#N/A
- of which : Household	-3.8	-3.5	-3.4	-3.2	-3.2	-3.2	-3.0	#N/A
- of which : Mortgage Lending	-3.0	-2.9	-2.7	-2.6	-2.6	-2.7	-2.6	#N/A

Consumer confidence remains at a very strong level in May on optimism for the outlook for the economy and jobs

Sharp fall in financial sector borrowings continues to impact on private sector credit growth

LABOUR MARKET

Live Register	371,100	367,000	363,700	360,100	356,000	351,400	349,700	347,100
- Change In Month	-3,500	-4,100	-3,300	-3,600	-4,100	-4,600	-1,700	-2,600
Unemployment Rate %	10.6	10.4	10.2	10.1	10.0	9.9	9.8	9.8
Redundancies	544	428	385	421	325	439	#N/A	#N/A
-12 Mth Total	7,784	7,548	6,883	6,567	6,104	5,843	#N/A	#N/A
PMI Employment Indices								
- Investec Manufacturing	56.4	56.4	57.0	54.8	57.8	59.2	57.1	57.6
- Investec Services	59.3	60.7	61.8	60.1	60.5	59.3	57.6	60.9
- Ulster Bank Construction	62.2	60.7	60.3	59.1	53.6	52.7	56.4	59.1

Live Register continues to fall in May—declining for 35 consecutive months. The new “monthly” unemployment rate at an over 6 year low of 9.8%

Redundancies continue their marked decline in Q1

PMI employment components indicate growth has remained solid in Q2. Thus, unemployment could fall further in the coming months

MERCHANDISE TRADE

Export Values - 3M / 3M %	4.9	0.3	5.1	3.8	14.6	7.1	8.1	#N/A
- 3MMA YoY %	6.3	3.1	5.9	9.2	16.3	17.2	22.4	#N/A
Import Values - 3M / 3M %	0.1	4.6	3.5	1.8	-4.1	-0.7	3.0	#N/A
- 3MMA YoY %	7.2	9.5	7.8	7.3	7.7	11.1	12.6	#N/A

YoY growth in the value of exports rises to 22.4% in April—largely due to strong pharma & chemical exports (+27%)

Imports growth also improves to 12.6%, primarily driven by pharma, chemical & vehicles

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	9.3	8.5	9.2	33.8	15.9	13.4	11.3	10.9
Voted Spending : Cum YTD %	-1.4	-2.5	-2.0	-5.0	-2.4	-0.1	0.5	-1.0
Exchequer Bal: 12 Mth Total €m	-9,481	-8,680	-8,183	-6,261	-6,711	-5,670	-5,748	-4,073

Growth in tax receipts remains strong YTD, +10.9% in May

Increased receipts have seen a marked improvement in the budget deficit in 2015

QUARTERLY DATA

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15
GDP - YoY %	-0.2	1.8	-1.2	3.8	7.2	3.6	4.1	#N/A
- QoQ% seas. adj.	0.1	2.2	0.3	2.3	1.2	0.4	0.2	#N/A
Total Exports - Volume YoY %	1.5	1.5	3.8	7.3	13.0	16.0	13.9	#N/A
Total Imports - Volume YoY %	-0.4	1.4	4.4	5.9	11.9	15.6	18.8	#N/A

Ireland records strongest GDP growth for 2014 (4.8%) in the EU as it continues to recover. GNP up by 5.2% in 2014

Quarterly trade data remain distorted by overseas contract manufacturing

EMPLOYMENT & EARNINGS

Employment YoY %	1.8	3.2	3.3	2.3	1.7	1.5	1.5	2.2
Labour Force YoY %	0.5	0.8	0.9	0.4	-0.7	-0.4	-0.5	-0.2
Average Earnings YoY %								
- Hourly	0.2	-2.0	-0.7	-0.3	-2.2	-1.6	1.4	0.4
- Weekly	0.4	-2.1	-0.4	0.0	-1.5	-1.0	1.9	0.5
Weekly Earnings YoY %								
- Private Sector	1.1	-1.2	0.3	1.1	-1.0	-0.6	2.7	0.6
- Public Sector	1.2	-1.3	-1.5	-1.4	-1.1	-1.1	0.4	0.1

Pace of YoY growth in employment rises to 2.2% in Q1—growing for 10 consecutive quarters

Weakly earnings growth slows to 0.5% YoY in Q1, with growth in wages in private sector continuing to outperform public sector. But, private sector growth is not broad based



Oliver Mangan
Chief Economist
oliver.n.mangan@aib.ie

John Fahey
Senior Economist
john.j.fahey@aib.ie

Dara Turnbull
Economist
dara.c.turnbull@aib.ie

AIB Bankcentre, Ballsbridge, Dublin 4

Tel: 353-1-6600311

www.aibeconomicresearch.com